



GENERAL DISTRIBUTORS OF CANADA LTD.

ANNUAL REPORT

FISCAL YEAR ENDED

JANUARY 31, 1981

HOWARD ROSS LIBRARY
OF MANAGEMENT

APR 10 1981

MCGILL UNIVERSITY

GENERAL DISTRIBUTORS OF CANADA LTD.

Through subsidiaries, the Company participates in the Canadian merchandising business.

General Distributors of Canada Ltd. owns 51% of Sony of Canada Ltd., a joint venture between the Company and Sony Corporation, Tokyo, to distribute all Sony products in Canada.

Also in the electronics business, the Company has a wholly owned subsidiary, Cam-Gard Supply Ltd., which operates 12 wholesale branches across Canada.

Through ownership of all of the voting shares of Metropolitan Stores of Canada Limited, the Company operates 265 junior department and family clothing stores across Canada. These retail outlets have a broad geographic base and operate under the names "Metropolitan", "Greenberg", and "Saan".

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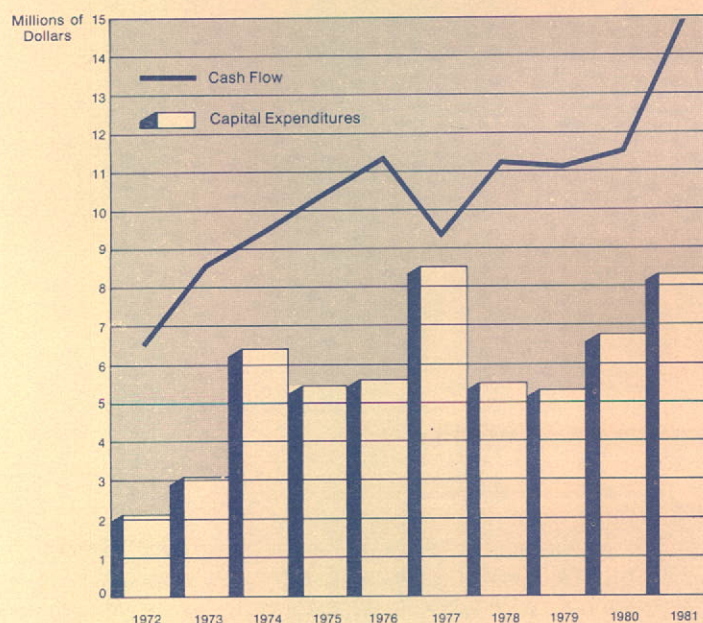
**The Annual Meeting of Shareholders will be held Friday, April 24, 1981
at 11:00 a.m. at the Winnipeg Inn, Winnipeg, Manitoba**

COMPARATIVE FINANCIAL HIGHLIGHTS

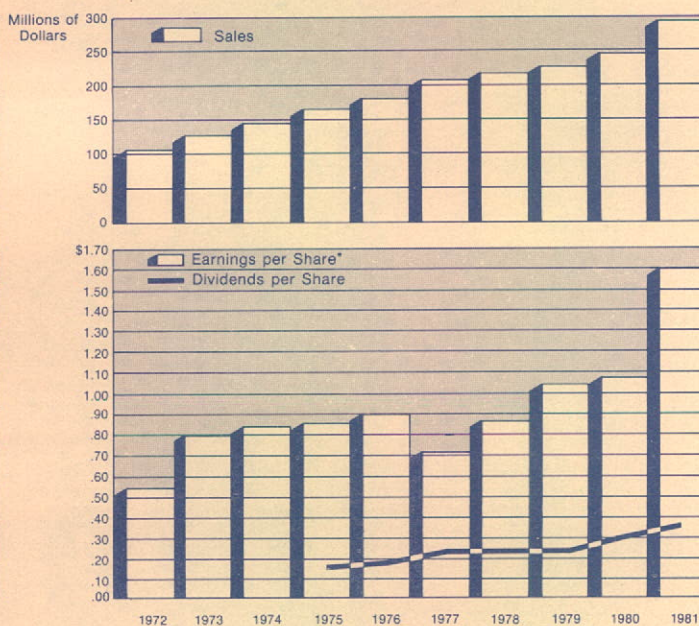
(in thousands of dollars, except per share data)

Year ended January 31	1981	1980
Sales	\$293,477	\$246,622
Earnings	9,828	6,624
Dividends	2,219	1,842
Cash Flow	14,885	11,669
Capital Expenditures	8,275	6,808
Working Capital	26,198	23,818
Shareholders' Equity	53,180	45,559
Per Common Share:		
Earnings	1.60	1.08
Dividends	.36	.30
Shareholders' Equity	8.64	7.40
Quarterly Earnings per Share:		
1st Quarter	.05	.01
2nd Quarter	.22	.12
3rd Quarter	.54	.27
4th Quarter	.79	.68

Cash Flow and Capital Expenditures



Sales, Earnings per Share and Dividends



*excludes extraordinary income and special dividends

REPORT TO SHAREHOLDERS

It is with pleasure that, after a most difficult year on the economic level, the Board of Directors and I can report the achievement of record sales and earnings.

Consolidated sales for the year ended January 31, 1981 were \$293,477,000, representing an 19% increase over the consolidated sales of \$246,622,000, for the prior year.

Consolidated net earnings of the company increased to \$9,827,564 (\$1.60 per share) from \$6,623,926 (\$1.08 per share) for the prior year. This increase represents a record 48% gain over the prior year's earnings.

The dividend per common share was increased by 6 cents so that the annual dividend became 36 cents as compared to 30 cents in the previous year.

Your directors have noted with satisfaction that the excellent sales and earnings performance of our company during the past year was attributable to practically every operating company in the group. This performance, despite a most difficult year in retailing operations that included the impact of the highest interest rates in our history, would indicate that the planning and investments of past years are beginning to bear fruitful results. Inflation in double digit figures has caused the consumer to be more aware than ever of the purchase value of every dollar spent. Whereas several department store chains have suffered in sales and higher costs of operations, our three retail chains, Saan, Greenberg and Metropolitan, have achieved a substantial increase in sales and profitability.

This report will detail the growth in our four main sectors of operations: retail, electronics, real estate and the relatively new venture in the energy field.

OIL & GAS

Tripet Resources Limited, a wholly-owned subsidiary of Trimac Limited, operates a joint venture exploration program funded equally by Trimac and General Distributors of Canada Ltd. The joint venture was commenced on January 1, 1978 and in the past three years, funding by the partners has totalled \$12,000,000, with each partner contributing an equal share. The level of funding was increased in 1980 with each partner contributing \$3,000,000 annually through 1981. This level of funding is likely to be extended through to the completion of the program in December 1982 by which time a total of \$24,000,000 will have been invested in the joint venture.

During 1980, \$7,000,000 was expended in general exploration and development of which \$1,000,000 was bank financed to complete Tripet's drilling program in the East Central Alberta Project, operated by Voyager Petroleum Ltd. This project will reach full production levels prior to mid 1981.

Tripet expended about \$3,000,000 in the exploratory program conducted by Hudson's Bay Oil and Gas Company Limited during 1980. Although two tests offshore Prince Edward Island and two deep tests in Alberta at Rosevear and Strachan were unsuccessful, substantial encouragement was obtained in heavy oil zones in over 30% of the sixty-well Saskatchewan program. Up to thirty development wells may be drilled in 1981, depending on economics under the National Energy Policy. In addition, a deep Pocketknife well in the foothills of northeast British Columbia is an indicated natural gas discovery.

Elsewhere, Tripet shared in oil development success in Alberta in the Chauvin area and in the Ewing Lake and Fenn areas west of Stettler where, in total, eleven wells were drilled, completed and placed on production in 1980. We expect that fifteen to twenty development wells will be drilled in 1981.

In the Edwaud Lake area of northeastern Alberta, Tripet participated in six wells on expiring lands covered by a gas purchase contract. Four of these were successful, of which two will be placed on production during the first half of 1981.

ELECTRONICS

1980 was the Twenty-Fifth Anniversary of the introduction of Sony products to the Canadian market. This provided an ideal opportunity to reinforce our leadership in 'Sight and Sound' with the aid of the specially designed 'Twenty-Five' logo which was carried on all corporate communications and advertising during the year.

Our marketing strategy changed at the beginning of 1980 to provide increased specialization by product category in the Consumer Division. Organizational changes to implement this strategy are now complete and dedicated sales forces specializing in consumer video and consumer audio products are fully operational.

Sony's commitment to technological innovation combined with the highest standards of product quality met with continued demand in all sectors of the marketplace notwithstanding a general slowdown in the economy. Sony of Canada Ltd. sales increased 23% in the past year; a gain which was marginally greater than we had forecast. Particularly strong gains were made in broadcast equipment, Betamax and colour T.V., providing a strong base for future growth. The introduction of "Walkman", a personal stereo tape player with extremely high performance and compact size, created a new demand market that is expected to develop strongly over the next few years.

While sales advanced during the year, the increased value of the yen in relation to the Canadian dollar placed pressure on overall gross margins. This was somewhat offset by better inventory control and more favorable payment terms on product purchases which resulted in improved inventory turnover and lower inventory carrying costs. Overall profitability increased by 33%. The outlook for the 1981/82 fiscal year is encouraging. Technical advancement in current product lines and new product information already released by Sony Corporation, Tokyo, indicates that sales in Canada should continue buoyant.

Cam-Gard Supply Ltd. experienced moderately increased sales over the previous year. The company encountered keen competition in its marketplace which, combined with increased operating costs, led to results which were disappointing. Major management and organizational changes are now being introduced to strengthen the company's operating capabilities.

RETAIL

The strategies adopted in the past several years are beginning to show positive results. In the past year the Saan, Metropolitan and Greenberg retail chains all experienced significantly higher sales and achieved satisfactory improvement in net earnings. Consolidated retail sales rose from \$189,248,000 to \$222,719,000; an increase of 18%.

Operating profits from retail operations increased by 54% to \$19,260,000.

In the past year, the Greenberg chain benefited from the centralization of its buying and distribution activities. The introduction of computer-supported merchandise control systems was substantially completed during the year. These systems are expected to enhance the merchandise management process and further contribute to improve productivity and profitability. During the year the chain opened two new stores, both of which met with consumer acceptance. Greenberg is committed to a program of expansion and plans to open at least four new stores in 1981.

In the Metropolitan Stores chain, the implementation of organizational and operational changes proceeded during the year. Major renovations were carried out in a number of key stores. A program to replace remaining mechanical cash registers with electronic point-of-sales registers was commenced at an expected cost of over \$1,000,000. Some evidence that these actions are making a positive contribution are reflected in the improvement in both sales and net earnings performance. During the year, two new stores were opened and one unprofitable store was closed. Metropolitan is committed to complete the implementation of those strategies and systems which have proven successful in the other two chains; a program which will be accelerated in the current year.

Saan Stores continues to lead the three retail chains in growth and performance. Sales increased by 34% over the previous year. This increase was distributed evenly throughout the chain, clearly demonstrating that the chain's success is not attributable to any one single factor. Saan continued its program of expansion with twelve new stores opened during the past year. Further store openings are planned in 1981. Because of the rapid growth which Saan Stores has achieved, plans are now being developed to expand the present merchandise and distribution facilities on existing company property to accommodate the chain's future growth.

Overall, our retail operations at January 31, 1981 comprised 265 stores divided amongst the three chains as follows:

	THIS YEAR	LAST YEAR
Greenberg	46	44
Metropolitan	94	93
Saan	125	113
	<u>265</u>	<u>250</u>

The combination of new store openings, one store closing and adjustments to the selling space in a number of stores resulted in net retail space being increased by 82,000 square feet to a total of 3,881,000 square feet. In the current year, our plans provide for opening a minimum of 14 new stores.

REAL ESTATE

Management's efforts to increase the profitability of real estate properties owned by the company continued throughout the past year. At least five of our properties across Canada are the subject of current negotiations aimed at concluding agreements favourable to the company. As the agreements are concluded, each property will generate greater revenue to the company in its new use when compared to revenues generated in earlier years.

Work is underway in Richmond, B.C. on the construction of the new Sony of Canada Ltd. office and warehouse facilities. The new facilities are expected to be complete and ready for occupancy by the fall of 1981.

OUTLOOK

The company remains optimistic about the future in each area of its activities.

Sony continues to increase its share of a competitive market. There has been a most enthusiastic consumer acceptance of the new video and audio products recently introduced into the marketplace.

The prospects for continued expansion and increased profitability in each of the three retail chains is most encouraging.

The standardization and upgrading of financial and operating systems and data processing capabilities, presently underway, should also make a major contribution towards greater efficiencies.

Despite the current problems existing between the federal government and the oil and gas producing provinces, your company is confident that its investments in this sector will prove to be most beneficial in future years.

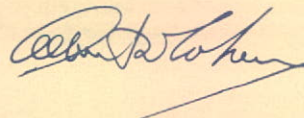
MANAGEMENT CHANGES

In accordance with the company's commitment to expand and strengthen its senior management group, I am pleased to announce the following appointments which were made in the past year:

G. Allan MacKenzie	as Vice-President of General Distributors of Canada Ltd. and as Chairman of Cam-Gard Supply Ltd.
Patrick J. Matthews, C.A.	as Vice-President, Corporate Planning of General Distributors of Canada Ltd.
Charles F. Cohen	as President of Metropolitan Stores (MTS) Ltd.
Daniel F. Cohen	as Executive Vice-President of Greenberg Stores Limited.

OUR EMPLOYEES

The success achieved by the company is the result of the combined and dedicated efforts of the employees of all companies in the group. During the past year, the company, throughout its varied operations employed an average complement of 5,400 people. It is to all of these individuals that I wish to express, on behalf of the Board of Directors, our thanks for their loyalty and contribution to the continued growth and success of the company.



Albert D. Cohen,
President and Chief Executive Officer

GENERAL DISTRIBUTORS OF CANADA LTD.

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS FOR THE YEAR ENDED JANUARY 31, 1981

	1981 \$	1980 \$
SALES	<u>293,476,764</u>	<u>246,622,001</u>
COSTS AND EXPENSES		
Cost of goods sold, selling, general and administrative expenses	262,453,034	222,502,975
Depreciation, amortization and depletion	4,073,902	3,922,921
Interest on long-term debt	2,362,208	2,477,025
Other interest	5,716,565	5,805,554
	<u>274,605,709</u>	<u>234,708,475</u>
	<u>18,871,055</u>	<u>11,913,526</u>
PROVISION FOR INCOME TAXES		
Current	7,944,500	4,489,500
Deferred	915,800	599,100
	<u>8,860,300</u>	<u>5,088,600</u>
	<u>10,010,755</u>	<u>6,824,926</u>
MINORITY INTEREST IN EARNINGS OF SUBSIDIARY COMPANIES	<u>183,191</u>	<u>201,000</u>
NET EARNINGS FOR THE YEAR	<u>9,827,564</u>	<u>6,623,926</u>
RETAINED EARNINGS—BEGINNING OF YEAR	<u>39,871,110</u>	<u>35,088,804</u>
	<u>49,698,674</u>	<u>41,712,730</u>
Dividends—		
Preferred	12,642	3,552
Common	2,205,857	1,838,068
	<u>2,218,499</u>	<u>1,841,620</u>
RETAINED EARNINGS—END OF YEAR	<u>47,480,175</u>	<u>39,871,110</u>
EARNINGS PER COMMON SHARE		
Basic earnings per common share—		
Net earnings for the year	\$1.60	\$1.08
Fully diluted earnings per common share—		
Net earnings for the year	\$1.47	\$1.00

GENERAL DISTRIBUTORS OF CANADA LTD.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED JANUARY 31, 1981

	1981 \$	1980 \$
SOURCE OF FUNDS		
Provided from operations	14,885,113	11,668,737
Issue of common shares	2,296	4,424
Proceeds on sale of fixed assets	331,453	242,126
Repayment of long-term notes receivable	2,205,000	—
	<u>17,423,862</u>	<u>11,915,287</u>
USE OF FUNDS		
Increase in long-term notes receivable	—	1,715,000
Additions to fixed assets	8,274,555	6,807,579
Redemption of preferred shares	347,570	16,200
Purchase of preferred shares of subsidiary company	139,100	345,500
Dividends paid by subsidiary company to minority interest	185,340	202,902
Cash dividends	1,862,149	1,592,940
Reduction of long-term debt	3,409,981	1,305,863
Purchase of 6½% first mortgage sinking fund bonds	825,000	605,000
	<u>15,043,695</u>	<u>12,590,984</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>2,380,167</u>	<u>(675,697)</u>
WORKING CAPITAL — BEGINNING OF YEAR	<u>23,818,018</u>	<u>24,493,715</u>
WORKING CAPITAL — END OF YEAR	<u>26,198,185</u>	<u>23,818,018</u>
 Working capital is represented by:		
Current assets	97,831,718	88,656,259
Current liabilities	71,633,533	64,838,241
	<u>26,198,185</u>	<u>23,818,018</u>

GENERAL DISTRIBUTION

CONSOLIDATED BALANCE SHEET

ASSETS

	1981 \$	1980 \$
CURRENT ASSETS		
Cash	1,372,724	1,853,388
Receivables	17,874,427	14,071,122
Due from Sony of Canada Ltd.	384,620	8,579,465
Inventories	76,664,514	62,152,674
Prepaid expenses	1,535,433	1,447,730
Income and other taxes recoverable	—	551,880
	<u>97,831,718</u>	<u>88,656,259</u>
INVESTMENTS		
Notes receivable— Sony of Canada Ltd.	—	2,205,000
Other	346,057	350,294
	<u>346,057</u>	<u>2,555,294</u>
FIXED ASSETS		
Land	7,849,757	7,898,506
Buildings, fixtures and equipment (note 3)	25,873,918	25,079,255
Leasehold improvements	3,872,550	3,911,214
Petroleum and natural gas properties	6,724,167	3,375,876
	<u>44,320,392</u>	<u>40,264,851</u>
OTHER ASSETS		
Deferred charges	—	29,866
Goodwill (note 5)	2,155,729	2,192,603
	<u>2,155,729</u>	<u>2,222,469</u>
	<u><u>144,653,896</u></u>	<u><u>133,698,873</u></u>

SIGNED ON BEHALF OF THE BOARD



Director



Director

ORS OF CANADA LTD.

EET AS AT JANUARY 31, 1981

LIABILITIES

	1981 \$	1980 \$
CURRENT LIABILITIES		
Bank advances	15,286,263	8,600,757
Notes payable	12,300,000	30,591,000
Shareholders' advances	5,278,382	6,392,534
Accounts payable and accrued liabilities	34,088,547	16,612,685
Income and other taxes	4,198,730	1,232,338
Current portion of long-term debt	481,611	1,408,927
	<u>71,633,533</u>	<u>64,838,241</u>
 LONG-TERM DEBT (note 4)	 13,988,820	 18,223,801
DEFERRED INCOME TAXES	3,028,529	2,112,709
 MINORITY INTEREST IN SUBSIDIARY COMPANIES (note 6)	 <u>2,823,427</u>	 <u>2,964,676</u>
	<u>91,474,309</u>	<u>88,139,427</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 7)	5,699,412	5,688,336
RETAINED EARNINGS	47,480,175	39,871,110
	<u>53,179,587</u>	<u>45,559,446</u>
	<u>144,653,896</u>	<u>133,698,873</u>

GENERAL DISTRIBUTORS OF CANADA LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1981

1. SUMMARY OF ACCOUNTING POLICIES

a) Principles of consolidation:

The consolidated financial statements include the accounts of the company and all subsidiary companies. The purchase method has been used to account for all acquisitions. The assets and liabilities of subsidiary companies are included at their recorded values in the subsidiary companies' accounts and goodwill, representing the excess of cost of shares over net book value at the date of acquisition, remains unamortized on the balance sheet.

Proportionate consolidation on a line-by-line basis is used to account for the company's equity interest in joint venture companies. This method of accounting brings into the consolidated financial statements the company's pro rata share of the specific assets, liabilities, revenues and expenses of the joint venture companies (note 2). The amount of the purchase price of the equity interest attributable to goodwill in one of the joint venture companies is being amortized on a straight line basis over ten years.

b) Inventories:

The basis of valuation of inventories, for the junior department and family clothing stores, is at the lower of cost and net realizable value determined principally by the retail method of accounting. Sony and other electronic products are valued at the lower of cost (generally the average cost method) and net realizable value.

c) Fixed assets and depreciation, amortization and depletion:

Buildings, fixtures and equipment and leasehold improvements are capitalized at cost.

Depreciation is provided for at the following annual rates:

Buildings	— 5% declining balance basis
Furniture and fixtures	— 20% declining balance basis
Automotive equipment	— 30% declining balance basis

Amortization of leasehold improvements is provided for on a straight line basis over the term of the lease plus one renewal option period.

The full-cost method of accounting is used for petroleum and natural gas properties wherein all costs related to the exploration for and development of oil and gas reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical expenditures, lease rentals on undeveloped properties, cost of drilling both productive and non-productive wells, and all technical and administrative overhead directly associated with exploration and development.

Depletion of petroleum and natural gas properties is calculated on the unit of production method based on estimated reserves.

d) Foreign exchange:

Current assets except inventories, and current liabilities are translated into Canadian dollars at January 31 exchange rates. Inventories, non-current assets and non-current liabilities are translated into Canadian dollars at the exchange rates prevailing when the assets were acquired or the liabilities incurred. Translation gains and losses are included in determining net earnings in the year.

e) Earnings per common share:

The calculation of the earnings per common share is based on the weighted monthly average number of shares outstanding during the respective fiscal years.

The fully diluted earnings per common share calculation is based on the assumption that share purchase warrants were exercised at the beginning of the year and the funds received therefrom were invested at an annual rate of 13.7% (the company's average cost of borrowing during the year).

2. JOINT VENTURES

The following amounts included in the consolidated financial statements represent the company's proportionate interest in joint ventures:

	1981	1980
	\$	\$
Assets	40,705,357	33,174,083
Liabilities	18,625,773	15,459,912
Revenue	54,061,039	43,785,162
Expenses	51,753,964	42,064,693

3. FIXED ASSETS

Buildings, fixtures and equipment and related accumulated depreciation are classified as follows:

	1981			1980
	Cost	Accumulated depreciation	Net	Net
	\$	\$	\$	\$
Buildings	20,058,851	7,350,025	12,708,826	12,806,586
Fixtures and equipment	36,587,445	23,422,353	13,165,092	12,272,669
	<u>56,646,296</u>	<u>30,772,378</u>	<u>25,873,918</u>	<u>25,079,255</u>

4. LONG-TERM DEBT

	Current portion		Long-term portion	
	1981 \$	1980 \$	1981 \$	1980 \$
6½% first mortgage sinking fund bonds, Series "A", due in 1984	450,000	420,000	490,000	1,975,000
Less: Bonds purchased in advance of requirement	<u>450,000</u>	<u>420,000</u>	<u>375,000</u>	<u>1,035,000</u>
	—	—	115,000	940,000
Mortgages payable at rates of interest ranging from 6¾% to 8½% having maturity dates ranging from 1984 to 1989	122,611	113,927	741,820	862,901
Share of Sony of Canada Ltd. notes payable with interest at ¾ of 1% above bank prime rate, repayable \$127,500 semi-annually, 1981 to 1984	255,000	127,500	637,500	892,500
Note payable with interest at ¾ of 1% above lender's cost of funds, repayable over five years commencing six months after notice given by either the company or the lender	—	—	12,000,000	8,000,000
Note payable paid in 1981	—	1,157,500	—	7,435,400
Other note payable with interest at ½ of 1% above bank prime rate, repayable \$120,000 annually 1981 to 1985	<u>104,000</u>	<u>10,000</u>	<u>494,500</u>	<u>93,000</u>
	<u>481,611</u>	<u>1,408,927</u>	<u>13,988,820</u>	<u>18,223,801</u>

The portion of long-term debt payable in each of the next five years is as follows:

	\$
Year ending January 31, 1982	481,611
1983	506,241
1984	515,693
1985	460,857
1986	201,253

5. GOODWILL

	1981 \$	1980 \$
From acquisitions prior to April 1, 1974	1,992,717	1,995,484
From acquisitions after March 31, 1974 — net of amortization of \$179,062 (1980 - \$144,955)	<u>163,012</u>	<u>197,119</u>
	<u>2,155,729</u>	<u>2,192,603</u>

6. MINORITY INTEREST IN SUBSIDIARY COMPANIES

The minority interest in subsidiary companies comprises preferred shares of Metropolitan Stores of Canada Limited.

7. CAPITAL STOCK

a) Authorized:

Effective May 6, 1980 the company obtained a Certificate of Continuance under the Canada Business Corporations Act. Under the articles of continuance the company is authorized to issue an unlimited number of Class A, Class B, and Class C shares.

The Class A shares and the Class B shares are voting, convertible into one another on a share-for-share basis and rank equally in all respects except that in the case of the Class B shares the directors of the company may specify that the dividend, in whole or in part, shall be by way of a stock dividend of fully paid and non-assessable Class C shares.

The Class C shares are entitled to a fixed cumulative dividend at the rate of \$.60 per share per annum and are redeemable at \$10 per share.

b) Issued and fully paid:

	1981		1980	
	Number of shares	\$	Number of shares	\$
Class A	5,211,429	4,642,438	5,309,158	4,727,456
Class B	916,044	815,714	818,028	728,400
	<u>6,127,473</u>	<u>5,458,152</u>	<u>6,127,186</u>	<u>5,455,856</u>
Class C	<u>24,126</u>	<u>241,260</u>	<u>23,248</u>	<u>232,480</u>
		<u>5,699,412</u>		<u>5,688,336</u>

During the current year:

- i) The holders of 98,016 Class A shares converted their shares into 98,016 Class B shares,
 - ii) share purchase warrants were exercised for the purchase of 287 Class A shares for a total consideration of \$2,296,
 - iii) 35,635 Class C shares were issued as dividends on Class B shares for a total consideration of \$356,350 and 34,757 Class C shares were redeemed at \$10 per share.
- c) As at January 31, 1981, warrants were outstanding to purchase 925,861 Class A shares at a price of \$8.00 per share, exercisable to May 31, 1983.

8. COMMITMENTS

a) Property and equipment leases:

Rentals paid on property and equipment leases for the year ended January 31, 1981 amounted to \$11,486,000 (1980 — \$9,790,000). Minimum annual rentals in subsequent years (exclusive of additional amounts based on percentage of sales, taxes, insurance and other occupancy charges) on long-term property leases, the longest of which will expire in the year 2003, in effect at January 31, 1981 are:

	Minimum annual rental \$
Year ending January 31, 1982	8,586,000
1983	8,305,000
1984	7,623,000
1985	7,277,000
1986	6,896,000

b) Petroleum and natural gas venture:

Under the terms of a joint venture agreement with Trimac Limited, operated by Tripet Resources Limited, the company is committed to invest a minimum of \$10,500,000 through to the end of 1982. To January 31, 1981 approximately \$6,000,000 has been invested.

9. SEGMENTED INFORMATION

Information concerning General Distributors of Canada Ltd. business on a segmented basis is as follows:

Segmented Results Consolidated Operations	Retail		Electronics		Real Estate and Oil and Gas		Eliminations		Total	
	1981	1980	1981	1980	1981	1980	1981	1980	1981	1980
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales	222,718,907	189,248,318	69,677,688	56,621,344	1,080,169	752,339	—	—	293,476,764	246,622,001
Inter-segment sales	—	—	—	—	5,481,219	5,839,489	(5,481,219)	(5,839,489)	—	—
Total revenue	<u>222,718,907</u>	<u>189,248,318</u>	<u>69,677,688</u>	<u>56,621,344</u>	<u>6,561,388</u>	<u>6,591,828</u>	<u>(5,481,219)</u>	<u>(5,839,489)</u>	<u>293,476,764</u>	<u>246,622,001</u>
Segment operating profit	<u>19,259,487</u>	<u>12,530,179</u>	<u>5,362,662</u>	<u>4,575,666</u>	<u>1,445,485</u>	<u>1,145,086</u>			<u>26,067,634</u>	<u>18,250,931</u>
General corporate income									882,194	1,945,174
Interest expense									(8,078,773)	(8,282,579)
Minority interest									(183,191)	(201,000)
Income taxes									(8,860,300)	(5,088,600)
Net income									<u>9,827,564</u>	<u>6,623,926</u>
Identifiable assets	<u>77,334,463</u>	<u>62,540,953</u>	<u>41,013,445</u>	<u>36,418,173</u>	<u>20,965,885</u>	<u>18,608,683</u>			<u>139,313,793</u>	<u>117,567,809</u>
Corporate assets									<u>5,340,103</u>	<u>16,131,064</u>
Total assets									<u>144,653,896</u>	<u>133,698,873</u>
Capital expenditure	<u>3,961,575</u>	<u>3,438,626</u>	<u>491,127</u>	<u>1,138,270</u>	<u>3,726,956</u>	<u>2,023,573</u>				
Depreciation, amortization and depletion	<u>2,950,303</u>	<u>2,886,172</u>	<u>412,428</u>	<u>430,304</u>	<u>578,380</u>	<u>527,966</u>				

10. COMPARATIVE FIGURES

Certain of the 1980 comparative figures have been reclassified to conform to the presentation adopted in 1981.

Coopers
& Lybrand

chartered accountants

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Winnipeg Manitoba
Canada R3B 0X6

a member firm of
Coopers & Lybrand (International)

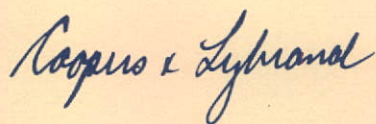
telephone (204) 956-0550
cables Colybrand
telex 07-55218

March 20, 1981

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of General Distributors of Canada Ltd. as at January 31, 1981 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at January 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



CHARTERED ACCOUNTANTS

CONSOLIDATED FINANCIAL INFORMATION

Ten Year Review

(in thousands of dollars, except per share data)

Year ended Jan. 31,	1981	1980	1979	1978
Operating Results				
Sales	293,477	246,622	231,266	217,899
Retail	222,719	189,248	176,408	170,170
Electronics (1)	69,678	56,621	54,192	47,239
Real Estate and Oil & Gas (2)	1,080	753	666	490
Operating Profits	26,950	20,196	16,131	13,696
Retail	19,260	12,530	9,312	8,274
Electronics	5,362	4,576	5,743	4,291
Real Estate and Oil & Gas (2)	1,445	1,145	346	446
Corporate Income (2)	882	1,945	730	685
Interest	8,079	8,283	4,723	3,700
Income Taxes	8,860	5,089	4,839	4,397
Minority Interest	183	201	212	261
Operating Earnings	9,828	6,624	6,357	5,338
Extraordinary Items	—	—	4,033	—
Net Earnings	9,828	6,624	10,390	5,338
Dividends Paid	2,219	1,842	11,824	1,409
Earnings Retained	7,609	4,782	(1,434)	3,929
Cash Flow	14,885	11,669	11,134	11,204
Capital Expenditures	8,275	6,808	5,366	5,543
Financial Position				
Total Invested Capital	73,021	68,861	65,314	62,846
Long-Term Debt	13,989	18,224	20,039	16,420
Deferred Taxes	3,029	2,113	1,423	974
Minority Interest	2,823	2,965	3,312	3,479
Shareholders' Equity	53,180	45,559	40,540	41,973
Per Common Share (3)				
Earnings—operations	1.60	1.08	1.04	0.87
— extraordinary	—	—	0.66	—
Dividends—regular	0.36	0.30	0.23	0.23
— special	—	—	1.70	—
Shareholders' Equity	8.64	7.40	6.62	6.85
Other				
Number of Shareholders	857	885	896	902
Share Price (4)— High	16	9 ⁵ / ₈	9 ¹ / ₂	7 ³ / ₈
— Low	7 ³ / ₄	7	5 ⁵ / ₈	5 ¹ / ₂
Warrant Price— High	8 ³ / ₄	3.15	2.50	2.00
— Low	2.50	1.65	1.01	0.95

Notes:

- (1) From November 1, 1975 electronics sales include only 51% of the sales of Sony of Canada Ltd.
- (2) Sales and operating profits from Real Estate and Oil & Gas operations and Corporate Income have been shown separately for those years where this information is available.
- (3) Per share data adjusted for a two-for-one share split effective June 20, 1973.
- (4) Approximate due to rounding after share split.
- (5) For Canadian capital gains tax purposes, the Valuation Day value of General Distributors of Canada Ltd. common shares on December 22, 1971 was \$7.94.

1977	1976	1975	1974	1973	1972
206,402	188,262	170,509	147,211	128,299	106,028
162,171	137,167	114,205	96,439	87,153	75,682
44,231	51,095	56,304	50,772	41,146	30,346
—	—	—	—	—	—
14,639	17,874	18,160	15,754	14,095	11,151
9,298	11,948	10,094	8,814	7,831	6,735
5,341	5,926	8,066	6,940	6,264	4,416
—	—	—	—	—	—
—	—	—	—	—	—
3,117	2,226	2,847	1,394	1,128	1,329
5,653	7,776	7,923	7,188	6,204	4,925
1,515	2,349	2,113	2,000	1,913	1,549
4,354	5,523	5,277	5,172	4,850	3,348
219	—	253	—	—	—
4,573	5,523	5,530	5,172	4,850	3,348
1,562	1,103	919	—	—	—
3,011	4,420	4,611	5,172	4,850	3,348
9,386	11,250	10,296	9,438	8,710	6,594
8,537	5,733	5,423	6,385	3,015	2,099
62,559	56,939	52,133	45,624	40,595	35,134
8,687	6,021	4,485	4,033	5,057	5,581
—	—	991	750	681	595
15,829	15,886	16,047	14,847	14,056	13,094
38,043	35,032	30,610	25,994	20,801	15,864
0.71	0.90	0.86	0.84	0.80	0.55
0.04	—	0.04	—	—	—
0.23	0.18	0.15	—	—	—
0.02	—	—	—	—	—
6.21	5.71	4.99	4.24	3.40	2.60
953	976	1,016	1,123	1,114	1,443
8⅞	9	10⅞	18⅞	17½	9½
6¼	5¼	5⅜	9	9	6¼
—	—	—	—	—	—
—	—	—	—	—	—

PRINCIPAL SUBSIDIARY COMPANIES

(wholly-owned unless otherwise indicated)

SONY OF CANADA LTD. (51%)

(Canadian distributor of Sony products)

METROPOLITAN STORES OF CANADA LIMITED

(Property holding company)

METROPOLITAN STORES (MTS) LTD.

(Junior department stores)

GREENBERG STORES LIMITED

(Family clothing stores)

SAAN STORES LTD.

(Family clothing stores)

CAM-GARD SUPPLY LTD.

(Electronic parts, wholesale)

GENDIS BUSINESS SERVICES INC.

(Information processing services)

BOARD OF DIRECTORS

****THE HON. S. RONALD BASFORD, P.C., Q.C.**
Partner, Davis and Company

***EDSON BOYD, F.C.A.**
Corporation Director

***ALBERT D. COHEN**
President, General Distributors of Canada Ltd.

HARRY B. COHEN
Vice-President, General Distributors of Canada Ltd.

JOHN C. COHEN
Vice-President & Secretary,
General Distributors of Canada Ltd.

JOSEPH H. COHEN
Vice-President, General Distributors of Canada Ltd.

***MORLEY M. COHEN**
Chairman & President,
Metropolitan Stores of Canada Limited

***SAMUEL N. COHEN**
Vice-Chairman, Metropolitan Stores of Canada Limited

****G. RICHARD HUNTER, Q.C.**
Partner, Pitblado & Hoskin

CARL O. NICKLE
President, Conventures Limited

****G. D. B. POFF, C.A.**
Vice-President Finance & Assistant Secretary,
General Distributors of Canada Ltd.

CORPORATE OFFICERS

ALBERT D. COHEN
President & Chief
Executive Officer

HARRY B. COHEN
Vice-President

JOSEPH H. COHEN
Vice-President

JOHN C. COHEN
Vice-President & Secretary

MORLEY M. COHEN
Vice-President

SAMUEL N. COHEN
Vice-President & Treasurer

GRANT A. BRUCE, C.A.
Vice-President &
Group Comptroller

H. MURRAY HESELTON, C.A.
Vice-President

G. ALLAN MACKENZIE
Vice-President

PATRICK J. MATTHEWS, C.A.
Vice-President, Corporate Planning

G. D. B. POFF, C.A.
Vice-President Finance &
Assistant Secretary

WILLIAM POUNDER, R.I.A.
Comptroller

N. PAUL CLOUTIER
Assistant Secretary

* Members of the Executive Committee

** Members of the Audit Committee

CORPORATE INFORMATION

Head Office

1370 Sony Place
Winnipeg, Manitoba, R3C 3C3
204-284-7160

Registrar and Transfer Agent

The Canada Trust Company,
230 Portage Ave.,
Winnipeg, Manitoba.

Auditors

Coopers & Lybrand
Richardson Building,
One Lombard Place,
Winnipeg, Manitoba.

Exchange Listing

Toronto Stock Exchange
—class A and B shares
—share purchase warrants

SENIOR OFFICERS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATED CORPORATION

Sony of Canada Ltd.

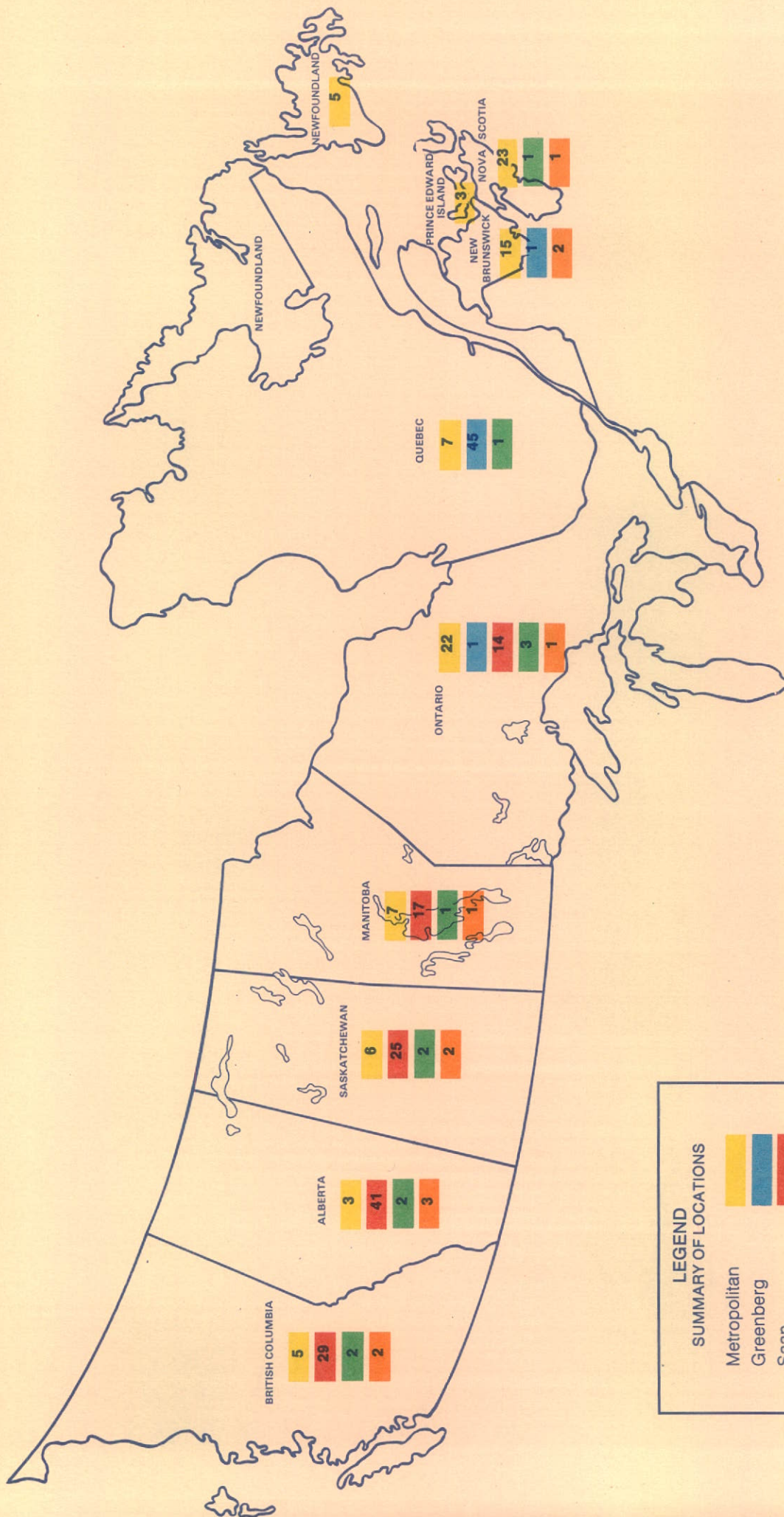
ALBERT D. COHEN
Chairman & Chief
Executive Officer
BRYAN E. MARTIN
President
MASARU OKUMURA
Executive Vice-President
ARTHUR N. DEMASSON
Senior Vice-President
JOSEPH H. COHEN
Vice-President
HISASHI NAKAJIMA
Vice-President
EDWIN W. WESSON
Vice-President
DOUGLAS G. WILLOX
Vice-President
G. D. B. POFF, C.A.
Treasurer
N. PAUL CLOUTIER
Secretary
HISASHI SAKAE
Assistant Secretary

Metropolitan Stores of Canada Limited

MORLEY M. COHEN
Chairman & President
SAMUEL N. COHEN
Vice-Chairman
H. MURRAY HESELTON, C.A.
Vice-President, Comptroller
& Assistant Secretary
G. D. B. POFF, C.A.
Secretary
R. KEITH FRASER
Assistant Secretary

Cam-Gard Supply Ltd.

G. ALLAN MACKENZIE
Chairman
GERRY K. KREBS
President
EARL BARRY
Executive Vice-President
SAMUEL N. COHEN
Vice-President
BRYAN E. MARTIN
Vice-President
G. D. B. POFF, C.A.
Secretary



LEGEND SUMMARY OF LOCATIONS



